FEDERAL DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM PROPOSED OVERALL GOAL & METHODOLOGY FOR FEDERAL FISCAL YEARS 2023 - 2025

In accordance with 49 Code of Federal Regulations (CFR) Part 26 and United States Department of Transportation (USDOT) guidance, Sound Transit must establish a new overall goal for the participation of Disadvantaged Business Enterprises (DBEs) in the Federal Transit Administration- (FTA-) funded contracts and procurements it anticipates awarding in federal fiscal years (FFYs) 2023, 2024, and 2025.

A. Overall DBE Goal

Sound Transit based its new overall DBE goal on information about FTA-funded work it anticipates awarding in FFYs 2023, 2024, and 2025; results from the 2020 Sound Transit Disparity Study (referred to herein as the 2020 Disparity Study); and information about conditions in the local marketplace for minorities, women, and minority- and woman-owned businesses.[1] The 2020 Disparity Study is included as Appendix A. The agency has followed the required two-step goal-setting methodology to develop its new goal: 1) establish a *base figure*; and 2) consider whether a *step 2 adjustment* to the base figure is warranted.

1. Base figure. Sound Transit began the goal-setting process by establishing a base figure, which it based on the demonstrable availability of *potential DBEs* for the FTA-funded work it anticipates awarding in FFYs 2023, 2024, and 2025. The agency defined potential DBEs as minority- and woman-owned businesses that are currently DBE-certified or appear they could be DBE-certified according to size requirements specified in 49 CFR Part 26.65. Figure 1 presents the projects associated with the work Sound Transit anticipates awarding along with associated dollar values. The agency has already initiated many of the projects listed in Figure 1, but the dollar values represent *new work* it anticipates awarding in connection with those projects in FFYs 2023, 2024, and 2025, totaling approximately $3.3 billion.

Figure 1.
FTA-funded projects Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025

Source:
Sound Transit.

Project	Dollar value
Federal Way Link Extension	$953,617,000
Lynnwood Link Extension	$501,424,000
I-405 BRT	$381,514,000
Downtown Redmond Link Extension	$368,865,000
East Link	$278,772,000
Everett Link Extension	$134,523,000
West Seattle-Ballard Link Extensions	$128,904,000
SR 522-NE 145th St BRT	$72,795,000
Northgate Link Extension	$57,375,000
Tacoma Dome Link Extension	$52,742,000
Rapidride C And D	$50,050,000

[1] Woman-owned businesses refer specifically to businesses owned by *white woman-owned businesses*. Minority woman-owned businesses are classified along with their corresponding race/ethnic groups.

Figure 1 (continued). FTA-funded projects Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025

Source:
Sound Transit.

Project	Estimated Cost
Northgate Link Extension Project Reserve	$50,000,000
Pacific Ave SR 7 Bus Corridor	$40,219,000
Link O&M Facility East	$30,973,000
Transit System Access Program	$19,302,000
Central Link Fiber Upgrade	$18,987,000
Start	$16,968,000
IT Tech Infrastructure	$16,621,000
Information Tech Program	$15,859,000
Orca Next Generation	$10,171,000
Rex I-90 2 Way Trans & HOV III	$7,366,000
Sounder South Capacity Expansion	$6,735,000
Tod Planning Program Capital	$5,997,000
Puyallup Station Improvements	$5,527,000
St Express Bus Base	$4,380,000
St3 Planning	$4,222,000
Station Codes	$4,200,000
Bike Parking Program	$3,950,000
Sumner Station Improvements	$3,828,000
Efficiency & Sustainability Program	$3,375,000
Lakewood Station Improvements	$3,282,000
South Tacoma Access Improvements	$3,193,000
Kent Station Access Improvements	$2,897,000
Sounder Maintenance Base	$2,882,000
North Corridor Maintenance Of Way	$2,673,000
NE 130th Street Infill Station	$2,435,000
BRT Maintenance Base	$2,430,000
Auburn Station Access Improvements	$2,073,000
Noise Abatement	$1,690,000
D ST - M ST Track & Signal	$1,664,000
Parking Management Program	$1,608,000
Environmental Remediation	$1,500,000
Start Operations & Maintenance	$1,476,000
North Sammamish Park & Ride	$1,399,000
S 200th Link Extension	$1,195,000
Security Radio System	$663,000
Sodo MLK Hazard Mitigation	$590,000
Replacement Admin Pool Vehicles	$488,000
Administrative Pool Vehicles	$434,000
Link Line Renaming	$417,000
Sounder South Expanded Service	$378,000
Environmental Mitigation And Monitoring	$367,000
Signage Improvements	$363,000
Link At Grade	$331,000
Hilltop Tacoma Link Extension	$323,000
Issaquah Lakewood Cctv Upgrade	$217,000
Escalator Modernization Program	$90,000
First Hill Streetcar	$50,000
Bellevue Rider Service Center	$42,000
Pine Street Stub Security	$30,000
Tacoma Dome Station Parking And Access	$26,000
Total	**$3,286,467,000**

a. Methodology. As part of the 2020 Disparity Study, BBC conducted a *custom census* availability analysis focused on the specific areas of work (*subindustries*) related to FTA-funded construction, architecture and engineering, other professional services, and goods and other services prime contracts and subcontracts Sound Transit awards. The firm began by identifying specific subindustries in which Sound Transit spends the majority of its relevant contract and procurement dollars as well as the geographic area in which most of the businesses that perform work for the agency are located (referred to as the relevant geographic market area, or *RGMA*). BBC identified the RGMA as King, Pierce, and Snohomish Counties in Washington.

Once BBC identified relevant subindustries and the RGMA, the firm conducted surveys to develop a representative, unbiased, and statistically-valid database of businesses potentially available for Sound Transit work. The objective of the availability survey process was not to collect information from each and every relevant business operating in the local marketplace. Instead, it was to collect information from an unbiased subset of the business population that appropriately represents the entire relevant business population operating in the region.

i. Availability surveys. BBC began the survey process by compiling a comprehensive and unbiased *phone book* of relevant businesses of all ownership types—that is, not just minority- and woman-owned businesses—located in the RGMA and that perform work in relevant subindustries. The firm developed the phone book based on information from Dun & Bradstreet Marketplace listings, which is accepted as a comprehensive and unbiased source of business listings throughout the country. BBC used the surveys to collect information about each business in the phone book, including:

- Status as a private sector business (as opposed to a nonprofit organization);
- Status as a subsidiary or branch of another company;
- Primary lines of work;
- Contract role (i.e., prime contractor, subcontractor, or both);
- Interest in performing work for Sound Transit;
- Largest prime contract or subcontract bid on or performed in the previous five years; and
- Race/ethnicity and gender of the owners.

ii. Availability database. Five hundred forty-seven businesses completed availability surveys, but Sound Transit did not consider them all potentially available for the FTA-funded projects it anticipates awarding in FFYs 2023, 2024, and 2025. The agency considered businesses to be potentially available for that work if, as part of availability surveys, they reported possessing *all* the following characteristics:

- Being a private sector business;
- Working in subindustries relevant to Sound Transit work;
- Having bid on or performed relevant work in the past five years; and
- Being interested in participating in Sound Transit work.

Sound Transit also considered the following information about businesses to determine if they were potentially available for specific prime contracts or subcontracts the agency anticipates awarding in FFYs 2023, 2024, and 2025:

- The roles in which they work (i.e., prime contractors, subcontractors, or both); and
- The largest contracts or procurement they bid on or performed in the past five years.

Based on the characteristics of businesses that completed availability surveys and the FTA-funded work Sound Transit anticipates awarding, the agency considered 432 businesses as potentially available to perform work on the specific construction, architecture and engineering, other professional services, and goods and other services contracts and procurements it anticipates awarding in FFYs 2023, 2024, and 2025. Of those businesses, 26.2 percent were minority- or woman-owned, which merely reflects a simple count of businesses with no analysis of their availability for specific Sound Transit contracts or procurements.

iii. Availability calculations. Sound Transit estimated the availability of potential DBEs for its anticipated FTA-funded work based on information from the availability database described above and information about the work presented in Figure 1. The agency began by identifying specific prime contract and subcontract opportunities (referred to generally as *contract elements*) that it expects will be associated with each relevant project based on the work involved and typical prime contracts and subcontracts associated with such work. The agency then identified specific characteristics of each contract element—including type of work, contract role, and contract size—and took the following steps to estimate the availability of potential DBEs for each one:

1. Sound Transit identified businesses in the availability database that reported they:
   - Are interested in performing relevant construction, architecture and engineering, other professional services, and goods and other services work for government organizations;
   - Perform work in the role corresponding to the contract element (i.e., as a prime contractor or subcontractor);
   - Perform the same type of work involved in the contract element;
   - Serve customers or perform work in the Seattle, Washington area; and
   - Have the ability to compete for or perform work of that size or larger.
2. The agency then counted the number of potential DBEs—by race and gender group—and businesses owned by white men in the availability database that met the criteria specified in step 1.
3. Sound Transit translated the number of potential DBEs in step 2 into a percentage of total businesses potentially available for the contract element.

Sound Transit repeated those steps for each contract element included in the analysis, and then multiplied the percentage of potential DBEs available for each contract element by the dollars associated with it, added results across all contract elements, and divided by the total dollars for all contract elements. The result was dollar-weighted estimates of the availability of potential

DBEs for the FTA-funded work Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025. The estimates represent the percentage of dollars one would expect Sound Transit to award to those businesses on anticipated work associated with FTA-funded projects.

b. Results. Figure 2 presents availability analysis results, organized in the following manner:

- Column (a) presents the groups of potential DBEs Sound Transit considered in the analysis;
- Column (b) presents the availability of each group for anticipated construction contract elements;
- Column (c) presents the availability of each group for anticipated architecture and engineering contract elements;
- Column (d) presents the availability of each group for anticipated other professional services contract elements;
- Column (e) presents the availability of each group for anticipated goods and other services contract elements; and
- Column (f) presents the availability of each group for all anticipated FTA-funded contract elements considered together.

As presented at the bottom of column (f), the analysis indicated that potential DBEs are available for 7.7 percent of the FTA-funded prime contracts and subcontracts Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025. **Sound Transit considers 7.7 percent as the base figure for its new overall DBE goal.**

Figure 2.
Availability of potential DBEs for work associated with FTA-funded projects Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025

	Industry				
a. Potential DBE group	b. Construction	c. Architecture and engineering	d. Other professional services	e. Goods and other services	f. Total
Asian Pacific American-owned	0.5 %	0.5 %	0.0 %	1.3 %	0.5 %
Black American-owned	0.6 %	1 %	33.4 %	0.0 %	2 %
Hispanic American-owned	2.9 %	0.3 %	0.0 %	0.0 %	2.4 %
Native American-owned	2.3 %	0.2 %	0.0 %	1.2 %	1.9 %
Subcontinent Asian American-owned	0.0 %	0.1 %	0.0 %	0.0 %	0.0 %
Total minority-owned	6.3 %	2.1 %	33.4 %	2.6 %	6.8 %
White woman-owned	0.9 %	1.6 %	0.2 %	0.9 %	0.9 %
Total potential DBEs	**7.1 %**	**3.6 %**	**33.6 %**	**3.5 %**	**7.7 %**

Notes: Numbers rounded to nearest tenth of 1 percent and thus may not sum exactly to totals.

Sound Transit applied the following weights to availability for each industry to calculate total availability: construction = 0.83, architecture and engineering = 0.11, other professional services = 0.04, and goods and other services = 0.02. The weights were based on the proportion of total FTA-funded contract and procurement dollars for which each industry is anticipated to account during FFYs 2023, 2024, and 2025.

Source: Sound Transit and BBC.

2. Step 2 adjustment considerations. After establishing the base figure, Sound Transit considered additional information to determine whether any adjustment was needed to the base figure to ensure the agency's new overall DBE goal is precise and reflects current conditions in the local marketplace for minorities, women, and minority- and woman-owned businesses. In considering an adjustment to the base figure, the agency evaluated information about:

a. Current capacity of DBEs to perform agency work;

b. Information related to employment, self-employment, education, training, and unions;

c. Disparities in the ability of DBEs to access financing, bonding, and insurance; and

d. Other factors.[2]

a. Current capacity of DBEs to perform agency work. USDOT's "Tips for Goal-Setting" suggests that agencies should examine data on past DBE participation in their USDOT-funded work in recent years as an indication of the aggregate capacity of those businesses to perform in its future work and to consider adjusting their base figures accordingly. USDOT further suggests that an agency should do so by averaging the median level of annual DBE participation for those years with its base figure and potentially consider the result as its new overall DBE goal.[3] Figure 3 presents the participation of certified DBEs in Sound Transit's FTA-funded contracts and procurements in FFYs 2017 through 2021, based on the agency's Uniform Reports of DBE Awards or Commitments and Payments. As shown in Figure 3, median DBE participation in Sound Transit's FTA-funded work for FFYs 2017 through 2021 was 20.16 percent, supporting an **upward adjustment** to the agency's base figure.

Figure 3.
Past participation of DBEs in Sound Transit's FTA-funded projects, FFYs 2017-2021

Source:
Sound Transit Uniform Reports of DBE Awards or Commitments and Payments.

FFY	DBE Attainment
2017	22.85%
2018	18.14%
2019	17.81%
2020	20.16%
2021	30.53%
Median	**20.16%**

b. Information related to employment, self-employment, education, training, and unions. Sound Transit used regression analyses to investigate whether there are independent relationships between race/ethnicity or gender and rates of self-employment (i.e., business ownership) among individuals working in relevant industries in the RGMA. The analyses allowed the agency to examine those relationships while statistically controlling for various other personal characteristics, including education, homeownership, marital status, income, and age.

[2] 49 CFR Section 26.45.

[3] Section III (A)(5)(a) in USDOT's "Tips for Goal-Setting in the Federal Disadvantaged Enterprise (DBE) Program."

Figure 4 presents the race and gender factors independently and significantly related to business ownership after accounting for various personal characteristics:

- Black Americans and Hispanic Americans working in the local construction industry are significantly less likely to own business than non-Hispanic whites, even after accounting for various personal characteristics. In addition, women working in the local construction industry are significantly less likely to own business than men.
- Asian Pacific Americans working in the local architecture and engineering industry are significantly less likely to own business than non-Hispanic whites, even after accounting for various personal characteristics. In addition, women working in the local architecture and engineering industry are significantly less likely to own business than men.
- Asian Pacific Americans and Subcontinent Asian Americans working in other professional services are significantly less likely to own business than non-Hispanic whites, even after accounting for various personal characteristics.

Figure 4.
Race and gender factors independently related to business ownership by industry

Source:

Sound Transit and BBC from 2014-2018 ACS 5% Public Use Microdata samples.

The raw data extract was obtained through the IPUMS program of the MN Population Center: http://usa.ipums.org/usa/.

Industry	Group	Regression Coefficient
Construction	Black American	-1.01
	Hispanic American	-0.27
	Women	-0.39
Architecture and engineering	Asian Pacific American	-0.50
	Women	-0.27
Other professional services	Asian Pacific American	-0.42
	Subcontinent Asian American	-0.74
Goods and other services	None	N/A

Sound Transit analyzed the potential impacts the relationships between race and gender and business ownership rates have on the base figure by estimating the availability of potential DBEs for the FTA-funded contracts and procurements the agency anticipates awarding in FFYs 2023, 2024, and 2025 if minorities and women owned businesses at the same rate as non-Hispanic white men who shared similar personal characteristics. Figure 5 presents the results of the analysis, which is referred to as a *but-for* analysis, because it estimates the availability of potential DBEs *but for* the continuing effects of any race- or gender-based discrimination. The rows and columns of Figure 5 present the following information:

- **Current availability.** Column (a) presents the availability of potential DBEs by group and industry for the FTA-funded work Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025. Before any adjustment, the availability of potential DBEs for that work is 7.7 percent, as shown in row (37) of column (a).
- **Disparity indices for business ownership.** For each group significantly less likely than non-Hispanic whites and men to own businesses (as shown in Figure 4), Sound Transit simulated business ownership rates if they owned businesses at the same rate as non-Hispanic white men who share the same personal characteristics. To simulate business ownership rates, the agency took the following steps:

- The agency performed a probit regression analysis predicting business ownership including only workers in the dataset who were white men; and
- The agency used coefficients from the model and mean personal characteristics of each race and gender group that was significantly less likely than white men to own businesses to simulate business ownership rates.

The agency calculated a business ownership disparity index for each relevant race and gender group by dividing the group's actual business ownership rate—which BBC calculated as part of the 2020 Disparity Study—by the simulated business ownership rate described above and multiplying by 100. Values of less than 100 indicate that, in reality, the group's business ownership rate is less than what would be expected for white men who share similar personal characteristics. Column (b) presents disparity indices related to business ownership rates for the different groups. For example, as shown in row (2) of column (b), Black Americans own construction businesses at 17 percent of the rate one might expect for non-Hispanic white men who share similar personal characteristics.

- **Availability after initial adjustment.** Column (c) presents availability estimates by group and industry after initially adjusting for statistically significant disparities in business ownership rates. Sound Transit calculated adjusted availability by dividing current availability in column (a) by the disparity index for business ownership in column (b) and multiplying by 100. The agency only adjusted availability for those groups significantly less likely than similarly situated non-Hispanic white men to own businesses in each industry.
- **Availability after scaling to 100 percent.** Column (d) shows adjusted availability estimates Sound Transit rescaled so the sum of those estimates equaled 100 percent for each industry. The agency rescaled the estimates by taking each group's adjusted availability estimate in column c and dividing it by the sum of availability estimates shown under "Total"—in row (9) for construction, row (18) for architecture and engineering, row (27) for other professional services, and row (36) for goods and other services—and multiplying by 100. For example, the rescaled adjusted availability estimate for Black American-owned construction businesses shown in row (2) of column (d) was calculated in the following way: (3.5% ÷ 105.9%) x 100 = 3.3 percent.
- **Components of goal.** Column (e) shows the component of the total base figure attributed to adjusted potential DBE availability for each industry. BBC calculated each component by taking the total availability estimate shown under "Potential DBEs" in column (d)—in row (7) for construction, row (16) for architecture and engineering, row (25) for other professional services, and row (34) for goods and other services—and multiplying it by the proportion of total FTA-funded dollars for which each industry is anticipated to account in FFYs 2023. 2024, and 2025 (i.e., 0.83 for construction, 0.11 for architecture and engineering, 0.04 for other professional services, and 0.02 for goods and other services). For example, BBC took the 12.3 percent adjusted availability estimate of potential DBEs for construction, as shown in row (7) of column (d), and multiplied it by 0.83 for a result of 10.2 percent (see row (7) of column (e)). The values in column (e) were then summed to equal the availability of potential DBEs for FTA-funded projects Sound Transit anticipates awarding in FFYs 2023, 2024, and 2025, adjusted for barriers in business ownership—**12.2 percent**—as shown in the bottom row of column (e). Thus, the adjusted availability figure of 12.2 percent also supports an **upward adjustment** to the base figure**.**

Figure 5.
Availability for FTA-funded work Sound Transit anticipates awarding after adjusting for business ownership disparities

Industry and group	a. Current availability	b. Disparity index for business ownership	c. Availability after initial adjustment*	d. Availability after scaling to 100%	e. Components of base figure**
Construction					
(1) Asian Pacific American	0.5 %	n/a	0.5 %	0.5 %	
(2) Black American	0.6	17	3.5	3.3	
(3) Hispanic American	2.9	54	5.4	5.1	
(4) Native American	2.3	n/a	2.3	2.1	
(5) Subcontinent Asian American	0.0	n/a	0.0	0.0	
(6) White woman	0.9	61	1.4	1.3	
(7) Potential DBEs	7.1 %	n/a	13.1 %	12.3 %	10.2 %
(8) All other businesses ***	92.9	n/a	92.9	87.7	
(9) **Total**	**100.0** %	n/a	**105.9** %	**100.0** %	
Architecture and engineering					
(10) Asian Pacific American	0.5 %	42	1.3 %	1.2 %	
(11) Black American	1.0	n/a	1.0	1.0	
(12) Hispanic American	0.3	n/a	0.3	0.3	
(13) Native American	0.2	n/a	0.2	0.2	
(14) Subcontinent Asian American	0.1	n/a	0.1	0.1	
(15) White woman	1.6	75	2.1	2.0	
(16) Potential DBEs	3.6 %	n/a	4.9 %	4.8 %	0.5 %
(17) All other businesses ***	96.4	n/a	96.4	95.2	
(18) **Total**	**100.0** %	n/a	**101.2** %	**100.0** %	
Other professional services					
(19) Asian Pacific American	0.0 %	46	0.0 %	0.0 %	
(20) Black American	33.4	n/a	33.4	33.4	
(21) Hispanic American	0.0	n/a	0.0	0.0	
(22) Native American	0.0	n/a	0.0	0.0	
(23) Subcontinent Asian American	0.0	20	0.0	0.0	
(24) White woman	0.2	n/a	0.2	0.2	
(25) Potential DBEs	33.6 %	n/a	33.6 %	33.6 %	1.3 %
(26) All other businesses	66.4	n/a	66.4	66.4	
(27) **Total**	**100.0** %	n/a	**100.0** %	**100.0** %	
Goods and other services					
(28) Asian Pacific American	1.3 %	n/a	1.3 %	1.3 %	
(29) Black American	0.0	n/a	0.0	0.0	
(30) Hispanic American	0.0	n/a	0.0	0.0	
(31) Native American	1.2	n/a	1.2	1.2	
(32) Subcontinent Asian American	0.0	n/a	0.0	0.0	
(33) White woman	0.9	n/a	0.9	0.9	
(34) Potential DBEs	3.5 %	n/a	3.5 %	3.5 %	0.1 %
(35) All other businesses	96.5	n/a	96.5	96.5	
(36) **Total**	**100.0** %	n/a	**100.0** %	**100.0** %	
(37) **TOTAL**	**7.7** %	n/a		n/a	**12.2** %

Notes: Numbers rounded to nearest tenth of 1%. Numbers may not add to totals due to rounding.

* Initial adjustment is calculated as current availability divided by the disparity index..

** Components of the base figure were calculated as the value after adjustment and scaling to 100%, multiplied by the percentage of total anticipated dollars in each industry (construction = 0.83, architecture and engineering = 0.11, other professional services = 0.04, and goods and other services = 0.02).

*** All other businesses are businesses owned by white men and minority- and woman-owned businesses that are not potential DBEs.

Source: Sound Transit and BBC.

c. Disparities in the ability of DBEs to get financing, bonding, and insurance. In 2019, Sound Transit commissioned analyses of barriers minority- and woman-owned businesses face in financing, bonding, and insurance in the local marketplace. (BBC did not conduct those analyses.) Results from those analyses indicated that small businesses are more likely than other businesses to be denied commercial bank loans, even after accounting for various business characteristics. Any barriers small businesses face in accessing financing could depress their availability for work with government agencies such as Sound Transit, which would disproportionately affect minority- and woman-owned businesses, because many of those businesses are small in size. Thus, analyses related to access to financing also support an **upward adjustment** to the base figure.

d. Other factors. USDOT suggests that agencies also examine "other factors" when determining whether to make step 2 adjustments to their base figures. Marketplace analyses Sound Transit commissioned in 2019 also provided evidence that minority- and woman-owned businesses are less successful than other businesses. Such evidence includes:

- Minority- and woman-owned businesses make up approximately 8 percent of businesses in the local marketplace but account for less than 3 percent of business revenue in the region.
- Sound Transit is less likely to award prime contracts to Black American-owned businesses compared to businesses owned by non-Hispanic whites, even after accounting for various other business characteristics such as size, bonding capacity, and qualifications.
- Black American-owned businesses and Asian Pacific American-owned businesses are more likely to have never worked on Sound Transit prime contracts or subcontracts compared to businesses owned by non-Hispanic whites, even after accounting for various business characteristics.
- DBEs tend to win smaller contracts in the local marketplace compared to businesses owned by white Americans, even after accounting for various business characteristics.

All the above results support an **upward adjustment** to the base figure.

e. Adjustment. Sound Transit has considered myriad information relevant to a potential step 2 adjustment and has decided to make an **upward adjustment** to its base figure. The agency has decided to make an upward adjustment based on: i) disparities in business ownership for minorities and women; ii) the current capacity of DBEs to perform work on Sound Transit's FTA-funded projects; and iii) barriers in financing and business success for minorities, women, and minority- and woman-owned businesses.

i. Disparities in business ownership. Econometric analyses indicate that the availability of potential DBEs would be 12.2 percent if minorities and women in the RGMA who work in industries relevant to Sound Transit's FTA-funded projects owned businesses at the same rate as white men who share the same personal characteristics. To account for barriers in business ownership, Sound Transit has decided to adjust its base figure upward to 12.2 percent.

ii. Capacity of DBEs to perform agency work. Sound Transit has achieved DBE participation as high as 30.53 percent in its FTA-funded work in recent years and believes it is important for its

overall DBE goal to be reflective of that participation. Consistent with USDOT guidance, to further adjust its base figure to account for recent participation of DBEs in its FTA-funded work, the agency took the average of its base figure adjusted for disparities in business ownership (12.2%) and median DBE participation in its FTA-funded work for FFYs 2017 through 2021 (20.16%), resulting in 16.17 percent.[4]

iii. Barriers in financing and business success. Analyses Sound Transit commissioned in 2019 indicated various barriers in access to financing and business success for minorities, women, and minority- and woman-owned businesses. To account for those barriers, Sound Transit has decided to further adjust its base figure upward by 2 percentage points to 18.17 percent.

3. New goal. Sound Transit proposes a **new overall DBE goal of 18.17 percent** for FFYs 2023, 2024, and 2025.

B. Race- and Gender-Neutral and Race- and Gender-Conscious Split

Race- and gender-neutral program measures are designed to encourage the participation of all businesses—or all small businesses—in an agency's work. In contrast*, race- and gender-conscious* measures are designed to encourage the participation of minority- and woman-owned businesses specifically in an agency's work (e.g., using DBE participation goals to award individual contracts). If an agency cannot meet its goal solely through using race- and gender-neutral measures, then it must consider also using race- and gender-conscious measures.

In accordance with federal regulations and USDOT guidance, Sound Transit will attempt to meet the maximum feasible portion of its proposed 18.17 percent overall DBE goal using race- and gender-neutral measures. Sound Transit's Uniform Reports of DBE Awards of Commitments and Payments from 2017 through 2021 indicate that the agency attained 9.44 percent DBE participation using race- and gender-neutral measures alone. Sound Transit will continue to encourage its departments to use Small Business Enterprise (SBE) contract goals when they award work in FFYs 2023, 2024, and 2025 and will also encourage prime contractors to partner with DBEs to meet SBE goals. The agency projects that those efforts will help maintain the level of DBE participation that resulted from the use of race- and gender-neutral measures in the recent past—9.44 percent. The agency will meet the remainder of its overall DBE goal—8.73 percent—using race- and gender-conscious measures, specifically using DBE contract goals to award various FTA-funded contracts and procurements, as appropriate.

C. Public Participation

Public participation is a key component of Sound Transit's process for establishing a new overall DBE goal. The agency will make a draft of this document available to its stakeholders on its website. The agency will also present its new goal at two public webinars on June 28, 2022,

[4] Section III (A)(5)(a) in USDOT's "Tips for Goal-Setting in the Federal Disadvantaged Enterprise (DBE) Program." https://www.transportation.gov/osdbu/disadvantaged-business-enterprise/tips-goal-setting-disadvantaged-business-enterprise.

answer any questions from participants, and collect any feedback they share. The agency will include that feedback as part of its final goal submission to FTA.

D. Summary

Sound Transit proposes a new overall DBE goal for FFYs 2023, 2024, and 2025 of 18.17 percent. Based on information about FTA-funded work the agency anticipates awarding and results from the 2020 Disparity Study, the agency determined that the base figure for its new overall DBE goal is 7.7 percent. Sound Transit decided to adjust the base figure to 12.2 percent to account for barriers in business ownership local minority and women workers face. It decided to further adjust the base figure to 16.17 percent to account for the current capacity of DBEs to perform work on its FTA-funded work. And finally, the agency further adjusted its base figure to 18.17 percent to account for barriers local minorities, women, and minority- and woman-owned businesses face in financing and business success. Sound Transit will attempt to meet its overall DBE goal through a combination of race- and gender- neutral and race- and gender-conscious program measures. The agency projects it will be able to meet 9.44 percent of its overall DBE goal using race- and gender-neutral measures and the remaining 8.73 percent using race- and gender-conscious measures.